



2021-2022

ADOPTED

BUDGET

June 22, 2021

Board of Education

Agenda

- 2021-22 Budget Priorities
- Summary of Proposed Budget
- Revenue Updates
- Changes for Adopted Budget
 - Compensation
 - Special Education and Mental Health
 - Other Supports
- One-Time vs. Ongoing Revenue and Expense
- Budgeted Reserves
- General Fund Three Year Forecast
- Federal Stimulus Funding: ESSER
- Adopted Budget: Summary of Other Funds
- Additional Information in Financial Plan and Budget
- Action Items

2021-22 Budget Priorities

The following priorities have been identified through a variety of feedback channels including school SACs, FOC, Board of Education and district leadership

- Invest in schools through SBB and eLearning
- Strategically reinvest in departments including Special Education and Mental Health
- Literacy curricular materials for READ Act support
- Compensation
 - Restoration of full calendar (no furlough days)
 - No medical premium increases
 - Pay increase to base salary
- Transportation (addressed outside General Fund)

Summary of Proposed Budget

2021-22 Proposed Budget Assumptions

Budget Driver		Assumptions 2020-21	Assumptions 2021-22
Enrollment	Per Pupil Revenue	\$7,850	\$8,349
	Enrollment	District: 62,979 Charter: 15,085 Non-Charter: 47,894	District: 64,289 Charter: 15,696 Non-Charter: 48,593
	Funded Pupil Count	District: 63,539 Charter: 14,840 Non-Charter: 48,699	District: 63,466 Charter: 15,502 Non-Charter: 47,964
Compensation	Benefits Premiums	premium increases on all Kaiser and Cigna/Allegiance plans	\$0 increase to employee portion
	Compensation Pool	2 furlough days all staff, 5 furlough days directors and above	2.25% equivalent
	PERA	0.5% increase to employer rate; 1.25% increase to employee rate	0% increase to employer rate; 0.5% increase to employee rate

Summary of Proposed Budget Priorities

Budget Item	Description	Cost
Restore Full Calendars (no furlough days)	Cost to restore full calendar for all positions funded within General Fund	\$4.0M
Pay Increase	2.25% equivalent for all FTE funded by General Fund for targeted pay increases	\$8.5M
Reinvest in Site-Based Budget (through weighted student funding increase)	Using 100% of the amount cut from SBB in 2020-2021, increase SBB using current SBB weighted formula and 2021-2022 enrollment projections	\$3.5M
Department-Based Budget Non-Discretionary Increases	Fund 100% of increases to items paid by department budgets that are either required by law or contract renewals already negotiated	\$3.2M
Department-Based Budget FTE and Other Discretionary Increases	Fund 100% of requested increases to FTE or discretionary department items	\$3.9M
Restore Contingency to 1% of Operating Budget	Restore contingency to pre-COVID levels	\$0.6M
Enrollment Reserve for October Count	Set aside a reserve in case actual enrollment at October Count is lower than projected	\$1.4M
READ Act curriculum materials	Literacy materials for all neighborhood schools to support READ Act	\$4.5M
Total Budget Increases		\$29.6M

Revenue Updates

Revenue Updates

	Proposed Budget (5/11)	Adopted Budget (6/22)
Per Pupil Revenue (PPR)	\$8,349	\$8,607
Explanation of PPR	75% of the Governor's budget request from January 2021	100% of the Governor's budget request from January 2021 plus HB21-1164 Total Program Mill Levy Tax Credit and adjustments to at-risk funding
Year-over-Year Increase DCSD Total Program	\$31.0M	\$47.4M
Year-over-Year Increase District-run	\$23.4M	\$35.8M
Year-over-Year Increase Charter	\$7.6M	\$11.6M

Changes for Adopted Budget

Changes to Budget since May 11, 2021

Category	Amount	Explanation
Compensation	\$7.2M	increase ranges and base percentage increase for all employee groups
Special Education and Mental Health	\$2.6M	staffing and reserve for future spending plans
Additional Staffing and Supports	\$0.3M	new positions and position changes in select central department budgets
Assigned Reserves	\$5.5M	increase TABOR/BOE/Contingency to reflect revenue increase and create reserve for multi-year lease
Total	\$15.6M	before reserving dollars for implementation of licensed compensation changes in 2022-2023

Updated Compensation Pool

- With additional revenue, staff is recommending an increase to the SY2021-22 compensation pool of \$7.2M bringing the total to \$15.7M for pay increases for all FTE funded by the General Fund
 - Adjustments to base pay to bring staff to adjusted minimums for pay range
 - 4% base pay increase for staff within range vs. 2.25% previously
 - 4% one-time payment for staff above the maximum for the range vs. 2.25% previously (PERA includable and used in HAS calculations)
 - Further movement on the licensed salary schedule bring ranges to the following
 - General:** \$43,680-\$91,000
 - Hard to Hire:** \$48,160-\$96,320
 - Specialists:** \$53,760-\$105,280

General Fund Compensation Distribution

Prior: Based on \$12M Comp Pool***

Revised: Based on \$15.7M Comp Pool

Range Placement	Pay Type	% Adjustment	Total Cost	% of Total Population	Range Placement	Pay Type	% Adjustment	Total Cost	% of Total Population
Below Minimum	Base Pay Increase	3.00%-12.62 %	\$1M	7%	Below Minimum	Base Pay Increase	4.00%-12.62%	\$1.7M	8%
In Range	Base Pay Increase	3.00%	\$9.3M	85%	In Range	Base Pay Increase	4.00%	\$12.6M	86%
Above Maximum	One-time Payment *	3.00%	\$1.4M**	8%	Above Maximum	One-time Payment *	4.00%	\$1.1M**	6%

* One-time payments for those above max are PERA includable as part of HAS calculations

** A portion of these staff fall just under the maximum prior to % increase and will receive a split adjustment (base increase and one-time)

*** \$12M comp pool presented on May 25, 2021; Proposed Budget presented on May 11, 2021 included \$8.5M comp pool

Compensation Additional Info

- Starting salary for licensed teachers in other Front Range districts
 - surveyed 10+ districts with responses from 8 districts
 - lowest 2021-2022 starting teacher salary = \$40,200
 - highest 2021-2022 starting teacher salary = \$47,124
 - average 2021-2022 starting teacher salary = \$42,926
- DCSD spends 84% of General Fund expenditures on compensation in 2021-2022 Adopted Budget
 - reviewed published 2021-2022 Proposed or Adopted Budgets from 6 other Front Range districts
 - lowest compensation as % of total expenditures = 70%
 - highest compensation as % of total expenditures = 94%
 - average compensation as % of total expenditures = 82%

Additional Investments in Special Education and Mental Health

- Restore 9th behavior specialist position cut due to COVID-19 related budget cuts
- Add 2 autism coaches for total of 6 autism coaches for DCSD
- \$2M reserve for Special Education and mental health with spending plan in 2021-2022 to be determined before Revised Budget
- Bridge Program expanding with new location
- ESSER supplemental dedicated to Special Education (~\$489K one time funding)

Additional Staffing, Supports and Reserves

Budget	Amount	Purpose
Superintendent department	\$92K	convert civic/legislative support role to executive director of civic and public engagement and add administrative assistant
Human Resources department	\$79K	convert one investigator to director of compliance
Communications department	\$77K	move communications coordinator from ESSER to General Fund
Student Assistance (DC Student Support Center)	\$68K	add administrative assistant
Curriculum Instruction and Professional Growth (CIPG) department	\$10K	add hours to bookkeeper
Board of Education department	\$3K	increase election fees for Elbert County
Assigned reserves	\$4.7M	multi-year lease for additional space for eDCSD and Student Assistance
Assigned reserves	\$830K	increase TABOR, BOE Reserve and Contingency to reflect School Finance Act revenue increase

Additional SBB Dollars

- Additional \$3.5M* allocated to neighborhood and alternative schools as discretionary dollars through weighted student funding formula
- Feedback from schools
 - 17 schools replied to survey (13 elementary, 1 middle, 3 high)
 - 77% of schools indicated the dollar amount received aligned with their expectations on their share of the total allocation
 - Examples of planned uses: one year only staffing for intervention, substitutes, increasing classified staff hours, increasing specials teacher hours, instructional technology, math consumables, iReady instruction, student count reserve

** this allocation was included within the Proposed Budget and is not a new allocation although school specific information was not available within the Proposed Budget*

General Fund Year-over-Year

While the General Fund budget will increase fund balance in 2021-2022, the unassigned fund balance will decrease from 2020-2021 levels

General Fund	2020-2021 Final Revised Budget	2021-2022 Adopted Budget	Year-over-Year Increase/(Decrease)
Revenue	\$ 639,919,135	\$ 687,537,652	\$ 47,618,517
Expense and Transfers	\$ 643,965,935	\$ 683,534,696	\$ 39,568,761
Change in Fund Balance	\$ (4,046,800)	\$ 4,002,956	\$ 8,049,756
Restricted/Committed/Assigned Reserves	\$ 69,739,818	\$ 90,378,306	\$ 20,638,488
Unassigned Fund Balance	\$ 29,511,889	\$ 23,133,202	\$ (6,378,687)

One Time vs. Ongoing Revenue and Expense

One-Time vs. Ongoing Sources and Uses: General Fund

Revenue Increases/(Decreases)	One Time	Ongoing	Notes
School Finance Act Total Program Revenue		\$ 35,850,716	District-managed share of Per Pupil Revenue of \$8,607 in SB21-268 School Finance Act
Specific Ownership Tax Revenue		\$ 556,389	increase to match SB21-268 School Finance Act
General Fund Unassigned Fund Balance	\$ 9,816,749		increase to unassigned projected from 2020-2021 Adopted Budget
Preschool Tuition		\$ 740,783	assume return to pre-pandemic enrollment in ECE
Stadium Sponsorships	\$ (137,000)		sponsorship of Echo Park Auto Stadium expiring, no new sponsor for 2021-2022
Summer School Tuition	\$ (400,000)		summer school will be free of charge to families through ESSER
Facility Rental Revenue		\$ 495,600	estimated increase based on anticipated summer 2021 availability
Medicaid Revenue		\$ (1,857,229)	projected to decrease due to Direct Medical Percentage impact related to COVID
State Categorical Revenue		\$ 380,500	Special Education, Gifted and Talented, English Language funding from the State
Other General Fund Local Revenue	\$ (832,000)		reduction in e-rate reimbursement, recycling program and kindergarten furniture and equipment grant
Charter share of Mill Levy Override		\$ (849,677)	less available for district-run schools as charter enrollment increases

Expense Increases/(Decreases)	One Time	Ongoing	Notes
Reinstate full calendars (no furlough days)		\$ 3,987,932	2 days for all staff except 5 days for department directors and cabinet
Percentage-based pay increase to base salary		\$ 15,707,728	4% equivalent for all FTE funded by General Fund for targeted pay increases
Reinvest in Site-Based Budget through weighted student funding increase		\$ 3,577,696	using 100% of the amount cut from SBB in 2020-2021, increase SBB using current SBB weighted formula and 2021-2022 enrollment projections
Department-Based Budget Non-Discretionary		\$ 3,215,210	items paid by department budgets that are either required by law or contracts renewals already negotiated
Department-Based Budget FTE and Other Discretionary		\$ 4,414,809	fund 100% of requested increases to FTE or discretionary department items
Transfers from General Fund	\$ (9,228,970)		reduce transfers to other funds for General Fund supported expenses
READ Act curricular materials	\$ 4,500,000		quotes from vendors on per pupil price for literacy materials
Restore contingency to 1% of operating budget		\$ 848,840	2020-2021 budget reduced appropriated contingency from 1.0% to 0.9% of operating budget increased to match TABOR/BOE Reserve increase
Enrollment Reserve for October Count	\$ 1,438,252		set aside a reserve in case actual enrollment at October Count is lower than projected
Multi-year Lease Reserve	\$ 4,712,200		additional leased space for eDCSD and Student Assistance
Staff Compensation Reserve		\$ 10,000,000	set aside for implementation of new compensation methodology in 2022-2023, full implementation estimated to cost more than \$10M
Special Education/Mental Health reserve	\$ 2,000,000		additional staffing and support for Special Education and Mental Health with spending plan to be determined before Revised Budget
Adjustments to other assigned reserves and school-based expenses	\$ 2,818,778		other school-based adjustments not associated with pay increases or SBB discretionary increase as well as adjustments to other assigned reserves
TABOR/BOE reserve adjusts with revenue		\$ 2,151,043	TABOR and BOE Reserve each set to 3% of operating budget revenue

Source/(Use) of Unassigned Fund Balance \$ 2,207,489 \$ (8,586,176)

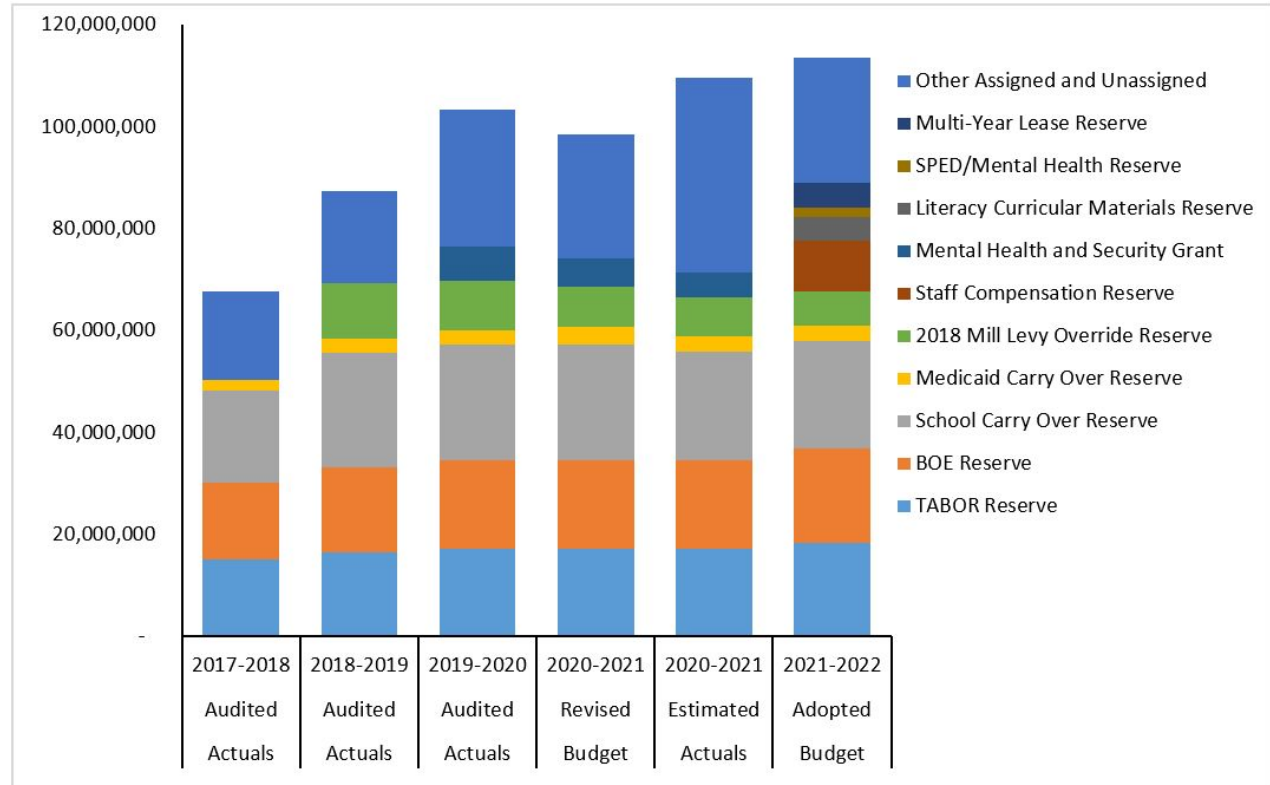
Budgeted Reserves

General Fund Assignments of Fund Balance

Reserve Category	Assignment	Budget Amount in 2021-2022
Restricted	TABOR	\$18,386,521
Committed	BOE Reserve	\$18,386,521
Restricted	Medicaid Carry Over	\$3,018,271
Assigned	School Carry Over	\$21,261,778
Assigned	Staff Compensation Reserve	\$10,000,000
Assigned	Literacy Curricular Materials Reserve	\$4,500,000
Assigned	Mill Levy Override Reserve	\$6,674,763
Assigned	Special Education/Mental Health Reserve	\$2,000,000
Assigned	Enrollment Reserve	\$1,438,252
Assigned	Multi-Year Lease Reserve	\$4,712,200
Unassigned	Unassigned	\$23,133,202

General Fund Available Reserves (Fund Balance)

- Unassigned reserves have increased by \$7.3M since 2017-2018
- Total reserves increased \$45.9M or 68% including restrictions, commitments and assignments



Combined General Fund Three Year Forecast

Assumptions - Revenue

These assumptions do not represent a recommendation from staff and are simply for financial modeling purposes

- Total Program (School Finance Act) and changes in the Budget Stabilization Factor
 - Inflation to the base set by Denver-Aurora-Lakewood Consumer Price Index forecast from Legislative Staff Council
 - Buy-down of \$100M annually statewide to the Budget Stabilization Factor
- Enrollment
 - Projections for neighborhood and charter schools provided by Planning Department
 - No new charters open
- No New Tax Revenue

Assumptions - Expense

These assumptions do not represent a recommendation from staff and are simply for financial modeling purposes

- Compensation Increases
 - Annual cost of living adjustment (COLA) of 2.0%
 - Incrementally return Medicaid and Bond funded positions to General Fund in 2022-2023
 - Implementation of new compensation methodology beginning in 2022-2023
 - PERA employer rate increase of 0.5% in 2022-2023
- Other Expenses
 - Small increases only to purchased services, supplies, other expenses and BOE contingency from 2021-2022 Proposed Budget amount
 - Charter School Pass Through adjusted according to charter enrollment and Per Pupil Revenue
 - Interfund Transfers adjusted according to commitments in other funds

Three Year Forecast

	2021-2022 Adopted	2022-2023 Projection	2023-2024 Projection	2024-2025 Projection
Beginning Fund Balance	109,508,552	113,511,508	94,815,013	79,400,058
Local Tax Revenue	303,903,673	307,679,845	315,276,349	321,750,151
State Tax Revenue	351,523,865	354,438,031	367,451,507	380,595,671
Federal Revenue	2,759,480	3,244,091	3,537,607	3,755,724
Other Local Revenue	29,350,634	29,843,804	30,348,853	30,919,488
Total Revenue	687,537,652	695,205,771	716,614,316	737,021,034
Salaries and Benefits	426,792,390	453,281,265	463,266,752	474,244,236
Purchased Services	33,523,392	33,791,989	34,062,644	34,335,418
Supplies	38,378,098	38,378,098	38,378,098	38,378,098
Other	2,287,190	2,287,190	2,287,190	2,287,190
Charter School Pass Through	154,309,700	157,307,262	163,154,120	169,918,545
Total Interfund Transfers	22,115,086	22,721,239	24,556,313	24,554,313
BOE Contingency	6,128,840	6,135,223	6,324,155	6,504,245
Total Expenditures and Transfers	683,534,696	713,902,266	732,029,272	750,222,045
Net Income/(Loss)	4,002,956	(18,696,495)	(15,414,956)	(13,201,012)
Ending Fund Balance	113,511,508	94,815,013	79,400,058	66,199,046
TABOR Reserve	18,386,521	18,591,586	19,164,106	19,709,834
BOE Reserve	18,386,521	18,591,586	19,164,106	19,709,834
School Carry Over Reserve	21,261,778	20,656,705	20,505,991	20,303,857
Medicaid Reserve	3,018,271	838,339	-	-
Other Assigned Reserves	29,325,215	8,496,835	5,930,286	3,220,477
Unassigned Reserve	23,133,202	27,639,961	14,635,570	3,255,044

- Draw fund balance (net loss) annually beginning in 2022-2023
- Maintain positive unassigned reserves in all fiscal years
- Does not include any increases in local taxes

Forecast Risks

- Enrollment is the largest driver of revenue fluctuations and is difficult to predict
 - Assuming enrollment continues to decline, the variance between actual Funded Pupil Count and calculated (averaged) Funded Pupil Count will continue to decrease and we'll receive less benefit from averaging provisions
- Committee revisions to School Finance Act formula that are unfavorable for DCSD
 - More heavily weighting at-risk (adding reduced lunch and increased English Language Learner funding)
 - Reductions to cost of living factor
- Buy-down of budget stabilization factor in 2022-2023 coming in lower than projected at \$100M annually
- First year implementation and ongoing costs of revised salary schedules

Federal Stimulus Funding: ESSER

ESSER II

ESSER II has been submitted to and approved by the Colorado Department of Education (CDE)

Total Revenue	\$ 5,212,396
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Budgeted Use of ESSER II

Classified and Certified eLearning positions, supplies and curriculum	\$ 3,193,724
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Tutoring in spring 2021	\$ 104,775
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Devices/technology for eLearning	\$ 144,108
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Sanitation supplies	\$ 30,784
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Charter school allocation	\$ 1,110,457
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Indirect	\$ 628,548
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Total Expense	\$ 5,212,396
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ESSER III

ESSER III has not been submitted to CDE yet

Total Revenue	\$11,706,301
<u>Budgeted Use of ESSER III</u>	
Summer programming for 2021 and 2022 (Learning Loss)	\$ 4,753,937
Tutoring and Additional Instructional/Student Support FTE (Learning Loss)	\$ 568,988
Devices/technology for eLearning	\$ 93,250
Sanitation supplies	\$ 216,266
Nurse staff additional pay and technology specialist for COVID-19 reporting	\$ 72,052
technology and data specialist FTE	\$ 138,305
CANVAS Licensing and READ 180	\$ 408,311
Mental Health support	\$ 306,255
BASE instructional materials and scholarships for families	\$ 404,800
additional evidenced based interventions	\$ 808,999
Charter school allocation	\$ 2,490,321
Indirect	\$ 1,444,817
Total Expense	\$11,706,301

Adopted Budget: Summary of Other Funds

Other Funds in Combined General Fund

- Outdoor Education - assumes resume full programming in 2021-2022
- Capital Projects - assumes continue to receive revenue in lieu of land from developers, school-funded building modifications held in reserve and add funding for tenant finish for new Bridge Program location
- Transportation - restore reduced routes through exploration of options such as driver and transportation educational assistant retention bonuses, changes to annually contracted hours, repurpose transportation educational assistant vacancies and adding drivers; able to fund increases from transportation reserves at no increased cost to General Fund

Special Revenue and Other Funds

- Nutrition Services - assumes resume full, normal meal service
- Grants - includes continuation of recurring local, state and federal grants plus one-time ESSER
- Athletics and Activities - assumes resume normal length seasons and participation levels; restore a portion of reduced coach/sponsor stipend amounts cut due to COVID-19
- Child Care - assumes resume full enrollment capacity with reduced quarantine closures
- Pupil Activity - reflects return to normal extra and co-curricular activities
- Bond Building - reflects projected construction schedule with significant spend in summer 2021
- Bond Redemption, COP Lease Payment, Short Term Disability Insurance and Trust funds have no material changes year-over-year
- Medical and Dental - no premium increases for health or dental insurance and project relatively flat expenses year-over-year

Additional Information in Financial Plan and Budget

Additional Information

- Financial statements for all District funds
- Three Year General Fund Forecast
- Additional analyses on staffing and dollars spent in schools vs school support vs central
- Multi-year financials for all district-run schools and charter schools
- Multi-year financials for all central departments

Action Items

Action Items

- Today
 - Request formal adoption of 2021-2022 Budget
 - Approval of all budget-related resolutions include appropriations and use of beginning fund balance
- Late Summer
 - Publish the District's Adopted Budget Book and Citizen's Guide to the Budget
- January
 - Staff will revise the budget based on October Count and mill levy setting